

## Message Text

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INFO OCT-01 ISO-00 AGR-01 CEA-01 CIAE-00 COME-00  
DODE-00 EB-08 FRB-01 H-02 INR-10 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02 OMB-01  
DOE-15 /123 W

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P 081523Z AUG 78  
FM AMEMBASSY MADRID  
TO SECSTATE WASHDC PRIORITY 5654

UNCLAS SECTION 01 OF 02 MADRID 09124

E.O. 11652: N/A  
TAGS: ERTD, SP  
SUBJECT: TEMPORARY REDUCTION OF SPANISH IMPORT DUTIES

1. SUMMARY: A ROYAL DECREE HAS BEEN PROMULGATED REDUCING FOR THREE MONTHS THE SPANISH IMPORT DUTIES ON A BROAD RANGE OF ITEMS, A NUMBER OF WHICH SHOULD BE OF INTEREST TO US EXPORTERS. THIS MESSAGE TRANSMITS THE TEXT OF THE DECREE AND LISTS THE MAJOR COMMODITIES AFFECTED. END SUMMARY.

2. THE SPANISH MINISTRY OF COMMERCE AND TOURISM HAS PUBLISHED IN THE STATE GAZETTE OF JULY 29, 1978 A ROYAL DECREE PROVIDING FOR THE PARTIAL REDUCTION OF IMPORT DUTIES ON A NUMBER OF COMMODITIES. THE PROVISIONS OF THE DECREE BECAME EFFECTIVE ON THE DATE OF ITS PUBLICATION AND THE DURATION OF SUCH REDUCTION IS FOR THREE MONTHS, ALTHOUGH THE GOS MAY INCREASE THEM AGAIN IN THE FUTURE, IF WARRANTED BY THE SPANISH ECONOMY. IT IS VERY PROBABLE, THOUGH, THAT IF THE PRESENT SITUATION CONTINUES, THE PROVISIONS OF THIS DECREE WILL BE EXTENDED.

3. ACCORDING TO STATEMENTS MADE BY THE MINISTER OF COMMERCE, THE PARTIAL REDUCTION OF IMPORT DUTIES,  
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TOGETHER WITH THE LIBERALIZATION OF CERTAIN IMPORTS WHICH UNTIL NOW WERE INCLUDED UNDER STATE TRADING OR GLOBALIZED STATUS (MADRID A-113) ARE WARRANTED BY THE IMPROVED SITUATION OF THE SPANISH BALANCE OF PAYMENTS AND, MORE SPECIFICALLY, BY THE TRADE BALANCE WHICH HAS IMPROVED CONSIDERABLY, ALTHOUGH THERE IS STILL A SIZEABLE TRADE DEFICIT.

4. THE PARTIAL REDUCTION OF IMPORT DUTIES AFFECTS ALL COMMODITIES INCLUDED WITHIN CHAPTERS 25 THROUGH 54 BOTH INCLUSIVE, AS WELL AS CHAPTERS 56 THROUGH 99, ALSO INCLUSIVE. THE SPANISH CUSTOMS TARIFF FOLLOWS THE BTN FOR THE CLASSIFICATION OF GOODS.

5. AMONG THOSE COMMODITIES AFFECTED BY THIS TARIFF REDUCTION ARE THE FOLLOWING: MINERALS; CHEMICALS AND CHEMICAL PRODUCTS; ARTIFICIAL RESINS AND PLASTIC MATERIALS; RAW HIDES AND SKINS; LUMBER AND LUMBER PRODUCTS; PAPER AND PULP; TEXTILES AND TEXTILE ARTICLES (EXCLUDING COTTON); FOOTWEAR AND SIMILAR ARTICLES; ARTICLES OF STONE, PLASTER, CEMENT, ASBESTOS, ETC.; PEARLS, PRECIOUS OR SEMI-PRECIOUS STONES; BASE METALS AND ARTICLES THEREOF; MACHINERY AND MECHANICAL APPLIANCES, ELECTRICAL EQUIPMENT; VEHICULAR EQUIPMENT, AIRCRAFT, VESSELS, ETC.; OPTICAL, PHOTOGRAPHIC, CINEMATOGRAPHIC, MEASURING, PRECISION, MEDICAL AND SURGICAL INSTRUMENTS AND SUPPLIES, SOUND RECORDING EQUIPMENT, ETC.; ARMS AND AMMUNITION; AND MISCELLANEOUS MANUFACTURED PRODUCTS.

6. AN INFORMAL TRANSLATION OF THE ROYAL DECREE, IS AS FOLLOWS:

7. "ROYAL DECREE #1780, DATED JULY 26, 1978, RELATIVE UNCLASSIFIED

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TO PARTIAL SUSPENSION, FOR THREE MONTHS, OF THE APPLICATION OF IMPORT DUTIES OF NORMAL APPLICATION.

8. THE PRESENT ECONOMIC SITUATION WARRANTS THE TEMPORARY SUSPENSION OF IMPORT DUTIES, UTILIZING THEREFOR THE POWERS BESTOWED TO THE GOVERNMENT BY ARTICLE 6, PARAGRAPH 2, OF THE EXISTING CUSTOMS LAW.

9. IN WITNESS WHEREOF, AT THE PROPOSAL OF THE MINISTER OF COMMERCE AND TOURISM, AND AFTER DELIBERATION BY THE COUNCIL OF MINISTERS AT THEIR MEETING OF JULY 26, 1978.

- I ORDER:

10. ART. 1.- EFFECTIVE THE DATE OF PUBLICATION OF THIS ROYAL DECREE IN THE STATE GAZETTE, THERE WILL BE PARTIALLY REDUCED, FOR THREE MONTHS, THE APPLICATION OF IMPORT DUTIES FOR COMMODITIES INCLUDED IN CHAPTERS 25 THROUGH 54, BOTH INCLUSIVE, AND 56 THROUGH 99, ALSO BOTH INCLUSIVE, OF THE CUSTOMS TARIFF, IN THE MANNER PROVIDED FOR IN THE FOLLOWING ARTICLES.

11. ART. 2(1).- WITH RESPECT TO THE COMMODITIES TAXED WITH AD VALOREM DUTIES, THE PARTIAL SUSPENSION WILL BE EXCLUSIVELY APPLIED TO THOSE CLASSIFIED IN THE CUSTOMS TARIFF HEADINGS WHOSE DUTY RATE EXCEEDS 10 PERCENT.

12. (2) THE VALUE OF THE PARTIAL SUSPENSION WILL BE THAT WHICH IS NECESSARY SO THAT THE DUTY RATE APPLICABLE IN EACH CASE BE THE ONE RESULTING FROM REDUCING BY 20 PERCENT THE PART OF THE DUTY RATE WHICH EXCEEDS 10 PERCENT AD VALOREM; THIS PORTION WILL NOT BE AFFECTED BY THE SUSPENSION.

13. ART. 3.- THE VALUE OF THE PARTIAL SUSPENSION APPLICABLE TO COMMODITIES TAXED WITH SPECIFIC DUTIES WILL UNCLASSIFIED

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BE THE ONE CORRESPONDING TO A REDUCTION OF 10 PERCENT OF THE DUTY RATE NORMALLY APPLIED.

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14. ART. 4.- IN THE CASE OF MIXED DUTIES, THE PARTIAL SUSPENSION WILL BE APPLICABLE TO THE AD VALOREM DUTY AND THE SPECIFIC DUTY IN THE MANNER PROVIDED FOR IN THE PRECEEDING ARTICLES. IN THE CASE OF "COMPOSED" (COMPUESTOS) DUTIES, THE PARTIAL SUSPENSION WILL BE

APPLIED ON THE AD VALOREM DUTY OR THE SPECIFIC DUTY WHICH IS TO BE APPLIED.

15. ART. 5.- EXCLUDED FROM THE SCOPE OF THE SUSPENSION PROVIDED FOR IN THE PRECEEDING ARTICLES, ARE ALL THOSE COMMODITIES WHICH BECAUSE OF THEIR INCLUSION IN THE TARIFF APPENDIX LIST OR WHICH ENJOY ANY OTHER SPECIAL TARIFF REDUCTION, ARE NOW TAXED WITH AN IMPORT DUTY OF LESS THAN 10 PERCENT.

16. ART. 6.- THE PERCENTAGES OF PARTIAL SUSPENSION WILL BE APPLIED ON THE DUTY RATE OF NORMAL APPLICATION, ROUNDING OFF THE FIRST DECIMAL FIGURE IN PLUS OR MINUS, WHEN THE SECOND FIGURE BE ABOVE OR BELOW FIVE.

- ISSUED AT PALMA DE MALLORCA ON JULY 26, 1978.

- (SGD.) JUAN CARLOS"  
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17. COMMENT: WHILE THE PRODUCT COVERAGE OF THIS DECREE IS BROAD (EVERY THING EXCEPT FOOD PRODUCTS AND COTTON AND COTTON PRODUCTS), IT IS CALCULATED THAT THE GROSS EFFECT WILL BE TO LOWER OVERALL SPANISH DUTIES BY ONLY 1.5 PERCENT. NEVERTHELESS, THIS ACTION SERVES SEVERAL PURPOSES. IT IS A MODEST POSITIVE STEP IN IMPLEMENTING A MORE MARKET ORIENTED TRADING REGIME, IT SHOULD BE USEFUL IN THE ANTI-INFLATION CAMPAIGN BY HAVING A MINOR IMPACT ON COSTS OF IMPORTED GOODS, AND PERHAPS MORE IMPORTANTLY, IT WILL HAVE A PSYCHOLOGICAL IMPACT BY DEMONSTRATING TO HISTORICALLY-PROTECTED SPANISH BUSINESSMEN THAT THE PRESENT TRADING REGIME WILL BE CHANGED AS THE RATIONALIZATION OF THE ECONOMY AND EC ENTRY PROCEED. TODMAN

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## Message Attributes

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